

Message Text

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PAGE 01 CALGAR 00028 191903Z
ACTION EUR-12

INFO OCT-01 ISO-00 NSCE-00 SS-15 PRS-01 USIE-00 SSO-00
/029 W

-----063305 191908Z /46

O 191800Z JAN 78
FM AMCONSUL CALGARY
TO SECSTATE WASHDC IMMEDIATE 2284
INFO AMEMBASSY OTTAWA PRIORITY

UNCLAS CALGARY 0028

FOR EUR/CAN
PASS WHITE HOUSE VICE PRESIDENT'S OFFICE FOR BURNS AND
BIEGING

E.O. 11652: NA
TAGS: OVIP, CA (MONDALE, WALTER)
SUBJ: CANADIAN COVERAGE VICE PRESIDENT MONDALE'S VISIT

REF: OTTAWA 00257

FOLLOWING IS THE TEXT OF THE LEAD ARTICLE IN THE JANUARY
19 ISSUE OF THE ALBERTAN:

QUOTE: MONDALE VISIT PUTS GAS SWAP ON FRONT BURNER.
WRITTEN BY DUNCAN THORNE, DATELINE EDMONTON

UNITED STATES VICE PRESIDENT WALTER MONDALE SAYS HIS TALKS
WITH PREMIER LOUGHEED THURSDAY HAVE ADVANCED THE POSSIBILITY
OF A "GAS SWAP" BETWEEN ALBERTA AND THE UNITED STATES.

HE WILL REPORT TODAY TO PRESIDENT JIMMY CARTER ON THE
STANCE LOUGHEED PUT FORWARD, MONDALE TOLD A PRESS CONFER-
ENCE AFTER THE ONE HOUR MEETING. HE SAID THE TALKS "CAPPED
A MOST SUCCESSFUL AND PRODUCTIVE VISIT" TO CANADA.

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BUT HE MADE IT CLEAR THE TARIFF CONCESSIONS LOUGHEED WANTS
DEPEND ON THE MULTILATERAL TRADE NEGOTIATIONS IN GENEVA.
CANADA SHOULD PUSH FORWARD, HOWEVER, WITH BILATERAL DIS-
CUSSIONS.

THE VICE PRESIDENT DECLINED TO REVEAL TERMS THE UNITED
STATES WOULD CONSIDER FOR TARIFF CUTS BETWEEN IT AND

CANADA. HE EXPRESSED OPTIMISM EVEN SO THAT THE TWO COUNTRIES WILL BE ABLE TO AGREE ON CUTS TO MAKE POSSIBLE A SWAP-BACK OF NATURAL GAS.

ANY GAS AGREEMENT BETWEEN CANADA AND THE U.S. WILL DEPEND ON THE APPROVAL OF THE ALBERTA GOVERNMENT AND THE REGULATORY AGENCIES OF THE TWO NATIONS, HOWEVER, HE WARNED.

EVEN THOUGH THE VICE PRESIDENT AND LOUGHEED INDICATED THEIR TALKS WERE PRODUCTIVE, THEY REVEALED NO CONCRETE AGREEMENTS. PROVINCIAL ENERGY MINISTER DON GETTY TOLD REPORTERS THE DEVELOPMENT HE SAW FROM THE TALKS WAS THAT PREMIER LOUGHEED WAS ABLE TO FORCEFULLY EXPRESS ALBERTA'S INSISTENCE ON GAS EXPORT CONDITIONS - THAT "ALBERTA ISN'T KIDDING" IN ITS DEMANDS.

GETTY GAVE NO INDICATION OF A SPEEDY GAS SWAP AGREEMENT. BUT HE ADDED THAT A SETTLEMENT WILL HAVE TO COME IN TIME FOR PREBUILDING OF THE PIPELINE'S SOUTHERN LEG TO BE PRACTICAL.

THAT MAKES AGREEMENT NECESSARY BY LATE THIS YEAR OR IN 1979, HE SAID. SUCH A DEAL WOULD BE SO COMPLEX THAT THERE COULD BE CABINET-LEVEL DELAYS EVEN IF THE ENERGY RESOURCES CONSERVATION BOARD APPROVES THE NECESSARY GAS PERMITS, MAKING A FASTER AGREEMENT UNLIKELY.

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LOUGHEED SAID HE RECEIVED PROPOSALS FROM MONDALE AND HIS GOVERNMENT WILL EXAMINE THEM TO SEE IF THEY MEET ALBERTA'S DEMANDS. IN LOUGHEED'S VIEW THERE IS CONSIDERABLE SCOPE FOR INCREASING THE NATURAL GAS FLOW TO THE U.S. TO HELP MEET THAT COUNTRY'S ENERGY NEEDS AND MAKE POSSIBLE PRE-BUILDING PART OF THE ALASKA PIPELINE.

HE CALLED MONDALE'S VISIT A RECOGNITION OF THE GROWING WESTERN PROVINCES' IMPACT ON CANADA. HE SAID HE DISCUSSED WITH THE VICE PRESIDENT ALBERTA'S CONCERNS ON ECONOMIC DIVERSIFICATION, TRADE AND RESOURCES.

LOUGHEED HAS INSISTED THAT SUCH A SWAP CAN ONLY HAPPEN IF THE U.S. ACCEPTS TARIFF CONCESSIONS TO MAKE PROCESSED ALBERTA FARM PRODUCTS AND PETROCHEMICAL PRODUCTS MORE COMPETITIVE IN THE STATES.

UNTIL THURSDAY THE PREMIER HAD BEEN SUGGESTING THE U.S. WAS SHOWING LITTLE INTEREST IN SUCH A COMPLEX DEAL. UNQUOTE. RATTRAY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 19 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978CALGAR00028
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780029-0298
Format: TEL
From: CALGARY
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780147/aaaabmx.cel
Line Count: 116
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 34ee3be2-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 OTTAWA 257
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3749808
Secure: OPEN
Status: NATIVE
Subject: CANADIAN COVERAGE VICE PRESIDENT MONDALE'S VISIT
TAGS: OVIP, CA, (MONDALE, WALTER F)
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/34ee3be2-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014